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S E C R E T SECTION 01 OF 02 ABUJA 001817

SIPDIS

NOFORN

E.O. 12958: DECL: 1.6X1, 1.6X6

TAGS: [PTER](#) [PREL](#) [ETTC](#) [PINS](#) [NI](#)

SUBJECT: NIGERIA AND NASCO - THE TRUSTEESHIP OPTION

REF: A. SUMMARY OF AHMED IDRIS NASREDDIN COMPANIES

[B](#). 01 STATE 207526

[C](#). STATE 10592

[D](#). ABUJA 0187

[E](#). EPSTEIN/ANDREWS EMAIL 6FEB02

[F](#). ABUJA 0418

[G](#). DATTA/ANDREWS EMAIL 24MAY02

CLASSIFIED BY CDA ANDREWS. REASONS 1.6X1, 1.6X6.

[1](#). (C) Summary: If placing NASCO under trusteeship is a USG priority, we suggest the Secretary raise it when he calls on Obasanjo 21 June. Approaches at other levels are unlikely to bear fruit. However, action against NASCO could result in collateral damage to bilateral relations far exceeding the value of the target. End Summary.

[2](#). (S) Background: Ref C identified companies belonging to the NASCO Group as possible sources of financing for international terrorism and sought Mission views on adding them to the E.O.13224 assets freeze list. The Mission provided detailed information on the role NASCO plays in the economy of Nigeria's eastern Middle Belt and advised that a thorough and well-documented analysis of the NASCO companies' role in financing international terrorism would be needed to convince the Government of Nigerian (GON) to freeze NASCO assets, an action that would put the companies out of business, with attendant consequences for employees and suppliers. Pursuant to Ref E, the Mission discussed at length possible palliative measures but could identify nothing significant and so reported ref F. The Department subsequently provided Ref A, along with a request (ref G) that the Mission informally explore whether the GON would be amenable to placing the NASCO companies under a trustee. Theoretically, this option would permit the companies to remain in operation, generating benefits for Nigerians, while preventing profits from falling into the wrong hands.

[3](#). (S/NF) Actions Taken:

(A) Regional Affairs Counselor about two weeks ago gave Ref A to National Security Advisor LTG Aliyu Mohammed (ret), along with a summary of what the USG was seeking. Mohammed did not respond to the request directly, but commented that he thought Nasreddin had not visited Nigeria in recent years. RAO/C did not have the impression that Mohammed would quickly take action along the lines of our request.

(B) CDA 18 June broached the issue informally with MFA Permanent Secretary T.D. Hart, asking Hart's "advice" on how best to approach the GON. CDA did not mention that RAO/C had spoken with Mohammed. Hart is very sympathetic to us on anti-terrorism issues. He said such a matter should normally be put before the NSA. However, because of intertwined religious and political issues, the NSA would be hard-put to act. Hart thought aloud a bit and concluded that the best approach would be for a special emissary or USG delegation to present our case directly to President Obasanjo. He could not come up with any other avenue that would yield the results we seek in reasonable time.

[4](#). (S) Comment: Hart's conclusion on what Mohammed would likely do matched RAO/C's initial assessment. Now that Nigeria is entering an electoral cycle, every action that might be contemplated is subjected to an assessment of how it would play domestically -- not so much with respect to the general public but more terms of how well-informed political elites would react. While there is substantial support for choking off funding for bin Ladin, Ref A does not establish a very clear link between NASCO, on the one hand, and bin Ladin, al Qaeda or the GSPC, on the other. Rather it asserts that there exists evidence linking Nasreddin, through Bank Al Taqwa (of which he is a director), to the financing of international terrorism. We are asking the Nigerians to

accept (1) that this link exists and (2) that NASCO and its Nigerian subsidiaries are a source of funds.

15. (S) Although Nigerian Heads of State traditionally have exercised significant informal executive authority, we're uncertain what legal basis exists for either seizure or imposition of trusteeship. Obasanjo, already facing charges that he abuses power, likely will not want to take on another project that will give his opponents further basis for arguing that he

- (1) does not respect due process and democratic norms;
- (2) lacks concern for the welfare of northern Nigeria; and
- (3) jumps too high in response to U.S. demands.

16. (S) Comment continued: Complicating this picture is the fact that most of the formal and informal security elements fall under the authority of Muslims. Aliyu Mohammed is the NSA; Lateef Kayode Are is the Director of State Security (and acts as NSA when Mohammed leaves the country); and the President's Chief of Staff is MG Abdullahi Mohammed (ret). None of these individuals would be anxious to be known for carrying our water on this issue.

17. (S) NASCO, Nigeria and the US: The Mission still has no idea how much, if anything, the NASCO companies operating in Nigeria contribute to the positive cashflow of entities outside of Nigeria under Nasreddin control. From the look of NASCO's flagship facilities in Jos, there does not seem to have been much invested there recently. Also, NASCO is no longer the beehive of activity it was several years ago. It probably suffers from some many of the ailments that afflict the manufacturing and food-processing sectors in Nigeria. But, to the best of our knowledge, it remains by far the largest private-sector employer in Plateau State. Moreover, many small farms and businesses depend on it for sustenance. As we detailed in refs D&F, action that shuts NASCO down will inflict collateral damage on the bilateral relationship. If NASCO's role in financing international terrorism turns out to be minimal, the costs of that collateral damage could far exceed the value of the target eliminated.

18. (S) While the trusteeship option might keep NASCO open, we know neither what the books would show nor whether the trustee would exercise its fiduciary responsibilities faithfully. In other words, NASCO could already be in bad shape, or the wrong choice of trustee could put it there. If NASCO goes under as the (apparent) result of being placed under trusteeship, Nigerians will blame the GON and the USG. For Obasanjo, who faces a tough re-election fight and is not anxious to create new adversaries, the costs of complying with our request will be immediately evident. He wants to keep Plateau State in his corner. Obasanjo has complained recently that the USG makes too many demands while giving too little heed to Nigeria's concerns. So, we will need to deliver our request for a NASCO trusteeship from a level high enough that Obasanjo will be forced to listen and to offer evidence so strong that he will feel compelled to commit to comply.

19. (S) Recommendation: If placing NASCO under trusteeship is a USG priority, the Secretary's June 21 call on Obasanjo is the best opportunity to raise this issue. Approaches at other levels are unlikely to bear fruit. Hearing directly from Secretary Powell the explanation that, understanding the potential economic and political repercussions, we are not asking to close NASCO but for Nigeria to keep future profits from falling into the wrong hands should help.

ANDREWS